



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 17, 2005

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Auditor of State David A. Vaudt today released an audit report on Dickinson County, Iowa.

The County has implemented new reporting standards for the year ended June 30 2004, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also, included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$28,593,089 for the year ended June 30, 2004, which included \$706,367 in tax credits from the state. The County forwarded \$23,743,641 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,849,448 of the local tax revenue to finance County operations. Other revenues included charges for service of \$1,138,851, operating grants, contributions and restricted interest of \$2,401,883, capital grants, contributions and restricted interest of \$41,277, local option sales tax of \$916,299, hotel/motel tax of \$63,825, unrestricted investment earnings of \$270,401 and other general revenues of \$116,821.

Expenses for County operations totaled \$7,836,545, and included \$1,683,692 for roads and transportation, \$1,610,499 for public safety and legal services and \$1,274,415 for mental health.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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DICKINSON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2004

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Dickinson County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Gottsche	Board of Supervisors	Jan 2005
Pam Jordon	Board of Supervisors	Jan 2005
Wayne Northey	Board of Supervisors	Jan 2007
Mardi Allen	Board of Supervisors	Jan 2007
Paul Johnson	Board of Supervisors	Jan 2007
Nancy Reiman	County Auditor	Jan 2005
Linda Voss	County Treasurer	Jan 2007
Janice Bortscheller	County Recorder	Jan 2007
Gregory Baloun	County Sheriff	Jan 2005
Rosalise Olson	County Attorney	Jan 2007
Patricia Dodds	County Assessor	Jan 2010

Dickinson County



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Independent Auditor's Report

To the Officials of Dickinson County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Dickinson County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The County did not determine the amount of materials and supplies inventories pertaining to the Secondary Roads Fund, a major governmental fund, at July 1, 2003, although required by U.S. generally accepted accounting principles. As a result, the net assets of the governmental activities and the fund balance of the Secondary Roads Fund are understated at the beginning of the year, and the expenses of the governmental activities and the expenditures of the Secondary Roads Fund are understated for the year ended June 30, 2004 by the same amount. These amounts are not reasonably determinable.

In our opinion, except for the effects of the omission of the materials and supplies inventories for the Secondary Roads Fund at July 1, 2003 on the governmental activities and the Secondary Roads Fund, as described above, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the governmental activities and the Secondary Roads Fund of Dickinson County for the year ended June 30, 2004, in conformity with U.S. generally accepted accounting principles.

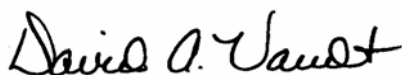
In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Dickinson County at June 30, 2004, and the respective changes in financial position of the General Fund, Mental Health Fund, Rural Services Fund, Debt Service Fund, Capital Projects Fund and the aggregate remaining fund information thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 15 to the financial statements, during the year ended June 30, 2004, Dickinson County adopted Governmental Accounting Standards Board Statements No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

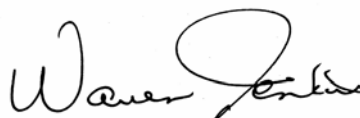
In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2005 on our consideration of Dickinson County’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management’s Discussion and Analysis and budgetary comparison information on pages 7 through 13 and 48 through 51 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Dickinson County’s basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed qualified opinions on those financial statements for the effects of the omission of the general fixed assets account group and the materials and supplies inventories, pertaining primarily to the Secondary Roads Fund. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the amount of materials and supplies inventories pertaining to the Secondary Roads Fund, a major governmental fund, at July 1, 2003, as discussed the third paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 5, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dickinson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Because Dickinson County is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- The County's governmental fund revenues increased 5.7%, or approximately \$548,000, from fiscal 2003 to fiscal 2004. Property and other county tax increased approximately \$103,000.
- The County's governmental fund expenditures decreased 2%, or approximately \$191,000, from fiscal 2003 to fiscal 2004. Roads and transportation expenditures decreased by approximately \$627,000 and capital projects expenditures increased approximately \$304,000.
- The County's net assets increased 18%, or approximately \$1,962,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Dickinson County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Dickinson County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Dickinson County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

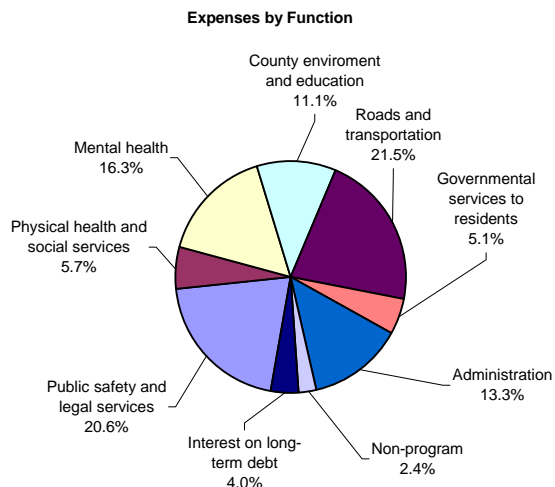
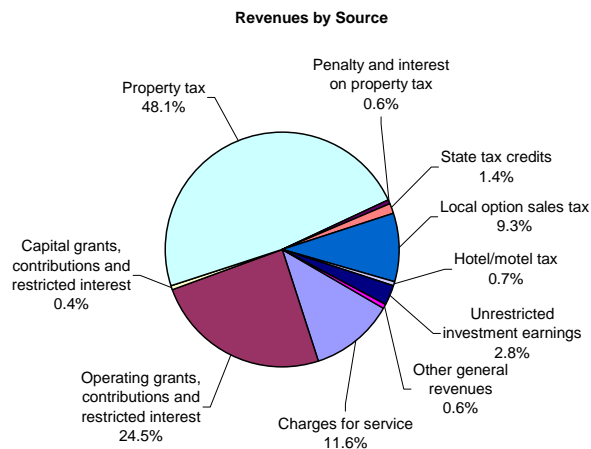
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Dickinson County's combined net assets increased 18% from approximately \$10.9 million to \$12.9 million. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities (Expressed in Thousands)	
	June 30, 2004
Current and other assets	\$ 29,561
Capital assets	5,064
Total assets	34,625
Long-term liabilities	15,184
Other liabilities	6,583
Total liabilities	21,767
Net assets:	
Invested in capital assets, net of related debt	4,189
Restricted	5,590
Unrestricted	3,079
Total net assets	\$ 12,858

Net assets of Dickinson County's governmental activities increased by \$2 million (\$12.9 million compared to \$10.9 million). A large portion of the County's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements—are reported at approximately \$3.1 million at June 30, 2004.

Changes in Net Assets of Governmental Activities (Expressed in Thousands)	
	Year ended June 30, 2004
Revenues:	
Program revenues:	
Charges for service	\$ 1,139
Operating grants, contributions and restricted interest	2,402
Capital grants, contributions and restricted interest	41
General revenues:	
Property tax	4,714
Penalty and interest on property tax	58
State tax credits	135
Local option sales tax	916
Hotel/motel tax	64
Unrestricted investment earnings	270
Other general revenues	59
Total revenues	<u>9,799</u>
Program expenses:	
Public safety and legal services	1,611
Physical health and social services	449
Mental health	1,274
County environment and education	873
Roads and transportation	1,683
Governmental services to residents	402
Administration	1,041
Non-program	192
Interest on long-term debt	312
Total expenses	<u>7,837</u>
Increase in net assets	1,962
Net assets beginning of year, as restated	<u>10,896</u>
Net assets end of year	<u>\$ 12,858</u>



The County decreased property tax rates for 2004 by an average of one percent. However, the taxable valuation increased, resulting in an increase in the County's property tax revenue by approximately \$103,000 in 2004. Based on decreases in the taxable valuation and increases in levy rates in 2005, property tax, other than the \$1,077,000 for debt service, is budgeted to increase approximately \$31,000 next year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Dickinson County completed the year, its governmental funds reported a combined fund balance of approximately \$22.8 million, an increase of approximately \$15.9 million over last year's total of approximately \$6.9 million. The increase in fund balance is primarily attributable to unspent proceeds received from the sale of general obligation bonds for the courthouse and jail project. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures increased approximately \$121,000 and \$143,000, respectively. The ending fund balance declined approximately \$553,000 from the prior year to approximately \$3 million. The County transferred \$860,000 from the General Fund into a new courthouse fund to help reduce the amount of general obligation bond dollars needed to build and equip the new courthouse and jail facility. The County implemented the program of issuing drivers licenses one day per week in January 2004.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1.3 million, a decrease of 2% from the prior year. The Mental Health Fund balance at year ended decreased by approximately \$122,000 from the prior year. The County levies the maximum allowable by statute and has implemented a waiting list policy for any non-mandated services requested. Shortfalls from property tax credits and delinquent taxes are absorbed by using the fund balance to meet the needs of mandated services. If these trends continue, the County will need to look to eliminating programs and services currently fully funded.
- The Rural Services Fund revenues decreased approximately \$85,000. This was primarily due to not receiving state allocation funds of approximately \$67,000 and a reduction in local option sales tax revenue of approximately \$19,000. Expenditures increased approximately \$41,000. The County reduced the amount of transfers from the Rural Services Fund to the Secondary Roads Fund by approximately \$168,000. The Rural Services Fund balance decreased approximately \$40,000 at June 30, 2004. The Rural Services Fund increased funding to the Dickinson County Water Quality Commission of approximately \$20,000 and paid \$15,000 for a fire boat.
- Secondary Roads Fund expenditures decreased by approximately \$1.08 million from the prior year, due principally to budgeted and scheduled road construction projects that were delayed and then completed after year end. This decrease in expenditures resulted in an increase in the Secondary Roads Fund ending balance of approximately \$1.63 million, or 114%.
- There were no significant changes in revenues, expenditures and the fund balance of the Debt Service Fund.
- During the year ended June 30, 2004, the County issued \$14.9 million of general obligation bonds to finance construction and equipping a new Courthouse and Jail Facility on the present Courthouse site. The proceeds from the bond issue were placed in a Capital Projects Fund set up to account for this major project. Approximately \$14,911,000 (\$14,051,000 of bond proceeds and \$860,000 in funds transferred from the General Fund) remained in the Capital Projects Fund at the end of the year to finance this project. Also, included in the Capital Projects Fund is approximately \$99,000 in funds held by the County for future expenditures at the County Care Facility.

BUDGETARY HIGHLIGHTS

Over the course of the year, Dickinson County amended its budget one time. The amendment in March 2004 resulted in an increase in budgeted disbursements of \$544,637 related to a increases in costs for juvenile detention and shelter care, additional costs for countywide bond and gambling elections, courthouse bond sale and related project expenditures and additional TIF revenues collected for the East Okoboji Beach Sewer project.

After holding an election for the purpose of selling bonds, increasing the budget for capital projects and selling the bonds, the Board mistakenly did not increase the appropriations of the department from which the capital projects expenditures were paid. In addition, two other departments appropriations were not amended as necessary.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, Dickinson County had approximately \$5.06 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.51 million, or approximately 43 percent, over last year.

The County had depreciation expense of \$358,748 in FY04 and total accumulated depreciation of \$3,769,266 at June 30, 2004.

The County's fiscal year 2004 capital budget included \$1,427,500 for capital projects, principally for roadway construction and windows and a roof at the Oak Haven Care Facility. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

Dickinson County had approximately \$15.011 million in general obligation bonds and other debt outstanding at June 30, 2004, compared to approximately \$255,000 at June 30, 2003.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)	
	June 30, 2004
Deferred payment contracts	\$ 63
General obligation bonds	14,812
Drainage warrants	136
Total	<u>\$ 15,011</u>

Debt increased primarily as a result of issuing general obligation bonds for financing construction and equipping a new Courthouse and Jail Facility on the present Courthouse site.

The County continues to carry a general obligation bond rating of Aaa/A1 (Moody's) assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. Dickinson County's outstanding general obligation debt is significantly below its constitutional debt limit of \$100 million. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Dickinson County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates and fees charged for various County activities. One of those factors is the economy. The County's nonagricultural employment growth has mirrored its population growth during 1999-2004, averaging per year gains of 2.7 percent. Unemployment in the County now stands at 6.0 percent versus 5.6 percent a year ago. This compares with the State's unemployment rate of 5.1 percent and the national rate of 5.2 percent.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 2.2 percent for year 2004 compared with the national rate of 2.7 percent. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy prices in 2003-2004.

The County's budgetary operating balance is expected to increase by the close of 2005. Amounts available for appropriation in the operating budget are \$21.7 million, an increase of 126 percent over the final 2004 budget. The 2005 budget reflects the need for prudent protection of County services, a re-evaluation of the current health plan to employees, a hard, fast but unresolved negotiation with the Sheriff's department bargaining unit, a fair but frugal increase in employee salaries, the need for foresight in future planning of technology, land uses, roads and the unprecedented planning for the new Dickinson County Courthouse and jail facility. These goals were defined with a desire to keep the tax levy from increasing substantially for the General Fund and Rural Services Fund, especially in light of the new debt service levy to pay interest and principal payments on the bonds for the new courthouse and jail. Dickinson County is fortunate to experience development growth, increasing retail businesses and modest, permanent population growth. The County includes thousands of secondary cottages and homes and the population swells many times over during the prime summer months requiring the need for additional county services such as law enforcement, planning and zoning and county attorney. The County continues to try to maintain and improve services and programs to its taxpayers in a conservative fashion.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Dickinson County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Dickinson County Auditor's Office, 1802 Hill Avenue, Spirit Lake, Iowa 51360 or visit the county's website at www.co.dickinson.ia.us.

Dickinson County

Basic Financial Statements

Exhibit A

Dickinson County
Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 22,587,064
Receivables:	
Property tax:	
Delinquent	1,250
Succeeding year	5,791,000
Interest and penalty on property tax	1,688
Accounts	64,715
Accrued interest	57,574
Drainage assessments	145,642
Economic development loans	9,265
Due from other governments	399,774
Inventories	503,264
Prepaid insurance	644
Capital assets (net of accumulated depreciation)	5,063,893
Total assets	<u>34,625,773</u>
Liabilities	
Accounts payable	274,805
Accrued interest payable	381,907
Salaries and benefits payable	34,913
Due to other governments	100,808
Deferred revenue:	
Succeeding year property tax	5,791,000
Long-term liabilities:	
Portion due or payable within one year:	
Deferred payment contracts	22,000
General obligation bonds	300,000
Drainage warrants	135,681
Compensated absences	173,232
Portion due or payable after one year:	
Deferred payment contracts	40,500
General obligation bonds	14,512,474
Total liabilities	<u>21,767,320</u>
Net Assets	
Invested in capital assets, net of related debt	4,188,608
Restricted for:	
Mental health purposes	529,746
Secondary roads purposes	3,118,266
Capital projects	1,010,210
Other purposes	933,002
Unrestricted	3,078,621
Total net assets	<u>\$ 12,858,453</u>

See notes to financial statements.

Dickinson County
Statement of Activities
Year ended June 30, 2004

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,610,499	101,790	133,002	-	(1,375,707)
Physical health and social services	448,571	15,254	89,868	-	(343,449)
Mental health	1,274,415	90,812	656,372	-	(527,231)
County environment and education	873,116	110,815	70,907	-	(691,394)
Roads and transportation	1,683,692	186,569	1,443,954	41,277	(11,892)
Governmental services to residents	401,899	453,899	-	-	52,000
Administration	1,040,800	37,397	7,780	-	(995,623)
Non-program	192,119	142,315	-	-	(49,804)
Interest on long-term debt	311,434	-	-	-	(311,434)
Total	\$ 7,836,545	1,138,851	2,401,883	41,277	(4,254,534)
General Revenues:					
Property and other county tax levied for:					
General purposes					4,597,000
Debt service					245
Tax increment financing					117,000
Penalty and interest on property tax					57,517
State tax credits					135,203
Local option sales tax					916,299
Unrestricted investment earnings					270,401
Hotel/motel tax					63,825
Gain on disposal of capital assets					51,464
Miscellaneous					7,840
Total general revenues					6,216,794
Change in net assets					1,962,260
Net assets beginning of year, as restated					10,896,193
Net assets end of year					\$ 12,858,453

See notes to financial statements.

Dickinson County
Balance Sheet
Governmental Funds

June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments				
County Treasurer	\$ 2,925,600	641,380	165,969	2,504,039
Conservation Foundation	-	-	-	-
Bequest held by bank	-	-	-	-
Receivables:				
Property tax:				
Delinquent	767	91	147	-
Succeeding year	3,378,000	397,000	858,000	-
Interest and penalty on property tax	1,688	-	-	-
Accounts	28,070	-	-	28,867
Accrued interest	7,837	-	-	-
Drainage assessments	-	-	-	-
Economic development loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	126,501	12,843	117,888	126,531
Inventories	-	-	-	503,264
Prepaid insurance	644	-	-	-
Total assets	\$ 6,469,107	1,051,314	1,142,004	3,162,701
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 39,380	35,362	4,296	60,080
Salaries and benefits payable	24,616	466	200	9,631
Due to other funds	-	-	-	-
Due to other governments	3,182	91,181	-	1,893
Deferred revenue:				
Succeeding year property tax	3,378,000	397,000	858,000	-
Other	58,586	82	129	37,686
Total liabilities	3,503,764	524,091	862,625	109,290
Fund balances:				
Reserved for:				
Drainage warrants	-	-	-	-
County care facility	-	-	-	-
Conservation Foundation	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	2,965,343	-	-	-
Special revenue funds	-	527,223	279,379	3,053,411
Capital projects fund	-	-	-	-
Total fund balances	2,965,343	527,223	279,379	3,053,411
Total liabilities and fund balances	\$ 6,469,107	1,051,314	1,142,004	3,162,701

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
-	15,100,298	832,157	22,169,443
-	-	35,389	35,389
-	-	73,366	73,366
245	-	-	1,250
1,042,000	-	116,000	5,791,000
-	-	-	1,688
-	-	7,778	64,715
-	22,776	25,851	56,464
-	-	145,642	145,642
-	-	9,265	9,265
6,549	-	-	6,549
284	-	15,727	399,774
-	-	-	503,264
-	-	-	644
1,049,078	15,123,074	1,261,175	29,258,453
-	110,875	22,792	272,785
-	-	-	34,913
-	2,302	4,247	6,549
4,552	-	-	100,808
1,042,000	-	116,000	5,791,000
224	-	169,103	265,810
1,046,776	113,177	312,142	6,471,865
-	-	17,444	17,444
-	-	73,366	73,366
-	-	35,389	35,389
2,302	-	-	2,302
-	-	-	2,965,343
-	-	822,834	4,682,847
-	15,009,897	-	15,009,897
2,302	15,009,897	949,033	22,786,588
1,049,078	15,123,074	1,261,175	29,258,453

Dickinson County

Dickinson County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2004

Total governmental fund balances (page 19)	\$ 22,786,588
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$8,833,159 and the accumulated depreciation is \$3,769,266.	5,063,893
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Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	265,810
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The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	307,956
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Long-term liabilities, including deferred payment contracts, general obligation bonds, drainage warrants, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(15,565,794)
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Net assets of governmental activities (page 16)	<u><u>\$ 12,858,453</u></u>
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See notes to financial statements.

Dickinson County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2004

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 3,599,133	397,938	1,529,660	-
Interest and penalty on property tax	58,733	-	-	-
Intergovernmental	391,475	743,831	29,439	2,030,017
Licenses and permits	36,857	-	-	1,923
Charges for service	498,271	14,796	-	37,566
Use of money and property	91,239	-	-	11,877
Miscellaneous	48,064	-	-	47,636
Total revenues	4,723,772	1,156,565	1,559,099	2,129,019
Expenditures:				
Operating:				
Public safety and legal services	1,569,932	-	17,494	-
Physical health and social services	449,745	-	-	-
Mental health	-	1,278,802	-	-
County environment and education	546,528	-	192,391	-
Roads and transportation	-	-	-	1,489,590
Governmental services to residents	402,091	-	-	-
Administration	1,104,097	-	-	-
Non-program	124,872	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	593,670
Total expenditures	4,197,265	1,278,802	209,885	2,083,260
Excess (deficiency) of revenues over (under) expenditures	526,507	(122,237)	1,349,214	45,759
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	1,583,930
Operating transfers out	(1,079,868)	-	(1,389,062)	-
General obligation bonds issued	-	-	-	-
Proceeds from drainage warrants	-	-	-	-
Total other financing sources (uses)	(1,079,868)	-	(1,389,062)	1,583,930
Net change in fund balances	(553,361)	(122,237)	(39,848)	1,629,689
Fund balances beginning of year, as restated	3,518,704	649,460	319,227	1,423,722
Fund balances end of year	\$ 2,965,343	527,223	279,379	3,053,411

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor Special Revenue	Total
21	-	114,195	5,640,947
-	-	-	58,733
284	-	64,747	3,259,793
-	-	-	38,780
-	-	42,421	593,054
-	140,844	40,231	284,191
2,302	-	122,395	220,397
2,607	140,844	383,989	10,095,895
-	-	-	1,587,426
-	-	-	449,745
-	-	-	1,278,802
-	-	107,527	846,446
-	-	-	1,489,590
-	-	-	402,091
-	-	-	1,104,097
-	-	33,520	158,392
119,044	-	44,619	163,663
-	989,766	22,789	1,606,225
119,044	989,766	208,455	9,086,477
(116,437)	(848,922)	175,534	1,009,418
-	6,250	-	6,250
118,739	860,000	25,000	2,587,669
-	-	(118,739)	(2,587,669)
-	14,900,000	-	14,900,000
-	-	2,668	2,668
118,739	15,766,250	(91,071)	14,908,918
2,302	14,917,328	84,463	15,918,336
-	92,569	864,570	6,868,252
2,302	15,009,897	949,033	22,786,588

Dickinson County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances -
Governmental Funds to the Statement
of Activities

Year ended June 30, 2004

Net change in fund balances - Total governmental funds (page 23) \$ 15,918,336

***Amounts reported for governmental activities in the Statement of Activities
are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation in the current year, as follows:

Expenditures for capital assets	\$ 1,872,565	
Depreciation expense	(358,748)	1,513,817

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the sale as an increase in financial resources.

(98)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(3,854)	
Other	(463,315)	(467,169)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds. Current year issuances exceeded repayments, as follows:

Issued	(14,902,668)	
Unamortized bond issue costs	87,526	
Repaid	59,446	(14,755,696)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(4,368)	
Interest on long-term debt	(304,635)	(309,003)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities.

62,073

Change in net assets of governmental activities (page 17) \$ 1,962,260

See notes to financial statements.

Dickinson County
Statement of Net Assets
Proprietary Fund

June 30, 2004

	<u>Internal Service - Employee Group Health</u>
Assets	
Cash and cash equivalents	\$ 308,866
Accrued interest receivable	<u>1,110</u>
Total assets	309,976
Liabilities	
Accounts payable	<u>2,020</u>
Net Assets	
Unrestricted	<u><u>\$ 307,956</u></u>

See notes to financial statements.

Exhibit H

Dickinson County
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2004

		<u>Internal Service - Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 84,696
Operating expenses:		
Medical claims	\$ 22,531	
Administrative fees	3,946	
Miscellaneous	<u>687</u>	<u>27,164</u>
Operating income		57,532
Non-operating revenues:		
Interest income		<u>4,541</u>
Net income		62,073
Net assets beginning of year		<u>245,883</u>
Net assets end of year		<u><u>\$ 307,956</u></u>

See notes to financial statements.

Dickinson County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2004

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 84,696
Cash paid to suppliers for services	(27,467)
Net cash provided by operating activities	<u>57,229</u>
Cash flows from investing activities:	
Interest on investments	<u>5,208</u>
Net increase in cash and cash equivalents	62,437
Cash and cash equivalents beginning of year	<u>246,429</u>
Cash and cash equivalents end of year	<u><u>\$ 308,866</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 57,532
Adjustment to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	<u>(303)</u>
Net cash provided by operating activities	<u><u>\$ 57,229</u></u>

See notes to financial statements.

Dickinson County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2004

Assets

Cash and pooled investments:

County Treasurer \$ 1,229,247

Other County officials 43,475

Receivables

Property tax:

Delinquent 6,705

Succeeding year 23,267,000

Accounts receivable 30,284

Accrued interest 672

Special assessments 426,997

Future drainage assessments 3,369,416

Due to other funds 4,105

Due from other governments 15,409

Total assets 28,393,310**Liabilities**

Accounts payable 134,214

Salaries and benefits payable 2,732

Due to other funds 4,105

Due to other governments 24,941,877

Trusts payable 13,408

Compensated absences 12,612

Drainage warrants 3,284,362

Total liabilities 28,393,310**Net assets** \$ -

See notes to financial statements.

Dickinson County
Notes to Financial Statements
June 30, 2004

(1) Summary of Significant Accounting Policies

Dickinson County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Dickinson County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Dickinson County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Eighty-six drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Dickinson County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as an Agency Fund.

Financial information of the individual drainage districts can be obtained from the Dickinson County Auditor's Office.

The Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Dickinson County Conservation Board. These donations are to be used to purchase items not included in the County's budget. The financial transactions of this foundation have been reported as a Special Revenue Fund.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Northwest Iowa Multi-County Regional Juvenile Detention Center, Dickinson County Landfill Commission and the Iowa Great Lakes Drug Task Force. In addition, the County is involved in the following jointly governed organizations: Northwest Iowa Mental Health Center, Northwest Iowa Alcoholism and Drug Treatment Unit, Inc., Northwest Iowa Planning and Development Commission, Regional Transit Authority, Third Judicial District Department of Correctional Services, Private Industry Council/Local Elected Officials Board, Upper Des Moines Opportunity, Inc., FEMA Multi-County Board, Resource Conservation and Development Commission, Safety and Health Issued and Employment Leadership Decision, Inc. and Region III Hazardous Material Response Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2003.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Delinquent drainage assessments receivable represent assessments which are due and payable but have not been collected. Succeeding year drainage assessments receivable represents remaining assessments which are payable but not yet due.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which have been made but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2004, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 65,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings and improvements	25 - 50
Land improvements	10 - 50
Infrastructure	10 - 65
Equipment and vehicles	3 - 20

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2004. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Unrestricted Net Assets – The unrestricted net assets of the Internal Service Fund are designated for future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$14,167,802 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2004 is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service	Special Revenue:	
	East Okoboji Beach	
	Sewer TIF	\$ 4,247
	Capital Projects	2,302
Total		<u>\$ 6,549</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 194,868
	Special Revenue:	
	Rural Services	1,389,062
Revolving Economic Development	General	25,000
Debt Service	Special Revenue:	
	East Okoboji Beach	
	Sewer TIF	118,739
Capital Projects	General	860,000
Total		<u>\$ 2,587,669</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance beginning of year, as restated	Increases	Decreases	Balance end of year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 633,806	180,000	-	813,806
Construction in progress, road network	-	369,412	(334,505)	34,907
Construction in progress	-	972,785	-	972,785
Total capital assets not being depreciated	633,806	1,522,197	(334,505)	1,821,498
Capital assets being depreciated:				
Buildings	1,449,090	-	-	1,449,090
Equipment and vehicles	5,079,587	274,792	(216,437)	5,137,942
Infrastructure, road network	-	424,629	-	424,629
Total capital assets being depreciated	6,528,677	699,421	(216,437)	7,011,661
Less accumulated depreciation for:				
Buildings	654,499	28,982	-	683,481
Equipment and vehicles	2,957,810	322,452	(201,791)	3,078,471
Infrastructure, road network	-	7,314	-	7,314
Total accumulated depreciation	3,612,309	358,748	(201,791)	3,769,266
Total capital assets being depreciated, net	2,916,368	340,673	(14,646)	3,242,395
Governmental activities capital assets, net	<u>\$ 3,550,174</u>	<u>1,862,870</u>	<u>(349,151)</u>	<u>5,063,893</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 33,214
County environment and education	10,021
Roads and transportation	274,488
Governmental services to residents	1,847
Administration	39,178
	<u>39,178</u>
Total depreciation expense - governmental activities	<u>\$ 358,748</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	<u>\$ 3,182</u>
Special Revenue:		
Mental Health	Services	91,181
Secondary Roads	Services	1,893
		<u>93,074</u>
Debt Service	Collections	<u>4,552</u>
Total for governmental funds		<u>\$ 100,808</u>
Agency:		
Agricultural Extension Education	Collections	\$ 156,550
County Assessor		433,407
Schools		12,128,289
Community Colleges		810,575
Corporations		7,117,848
Townships		300,237
City Special Assessments		433,295
Auto License, Use Tax and		
Drivers' License		410,153
Iowa Great Lakes Sanitary Sewer		2,491,718
E911		370,653
All other		289,152
Total for agency funds		<u>\$ 24,941,877</u>

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2004 is as follows:

	Deferred Payment Contracts	General Obligation Bonds	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year, as restated	\$ 84,500	-	170,459	168,864	423,823
Increases	-	14,900,000	2,668	145,875	15,048,543
Decreases	22,000	87,526	37,446	141,507	288,479
Balance end of year	\$ 62,500	14,812,474	135,681	173,232	15,183,887
Due within one year	\$ 22,000	300,000	135,681	173,232	630,913

Deferred Payment Contracts

The County entered into two deferred payment contracts to purchase real estate to provide storage and parking for the County.

Details of the deferred payment contracts and annual payments to maturity at June 30, 2004 are as follows:

Year ending June 30,	Dated August 27, 2000			Dated February 6, 2002			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2005	7.00%	\$ 7,000	1,103	6.00%	\$ 15,000	2,700	\$ 22,000	3,803	25,803
2006	7.00	7,000	613	6.00	15,000	1,800	22,000	2,413	24,413
2007	7.00	3,500	123	6.00	15,000	900	18,500	1,023	19,523
Total		\$ 17,500	1,839		\$ 45,000	5,400	\$ 62,500	7,239	69,739

During the year ended June 30, 2004, principal of \$22,000 was paid on the deferred payment contracts.

Bonds Payable

On September 30, 2003, a special election was held and a referendum was passed authorizing Dickinson County to construct and equip a new Courthouse and Jail Facility on the present Courthouse site at a total cost not to exceed \$14,900,000 and issue general obligation bonds in an amount not to exceed \$14,900,000. During the year ended June 30, 2004, the County issued \$14,900,000 in general obligation bonds. The unamortized bond issuance costs totaled \$87,526 at June 30, 2004.

A summary of the County's June 30, 2004 general obligation bonded indebtedness is as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2005	2.500%	\$ 300,000	776,909	1,076,909
2006	2.500	590,000	549,030	1,139,030
2007	2.650	610,000	534,280	1,144,280
2008	2.650	635,000	518,116	1,153,116
2009	2.650	655,000	501,288	1,156,288
2010-2014	2.900 to 4.000	3,615,000	2,197,756	5,812,756
2015-2019	4.000 to 4.125	4,310,000	1,459,231	5,769,231
2020-2023	4.250 to 4.500	4,185,000	473,528	4,658,528
Total		14,900,000	7,010,138	21,910,138
Less unamortized bond issuance costs		(87,526)		
Net bonds payable		\$ 14,812,474		

Drainage Warrants

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage warrants are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages for the year ended June 30, 2004 are 4.99% and 7.48%, respectively. For the year ended June 30, 2003, the contribution rates for law enforcement employees and the County were 5.37% and 8.05%, respectively, and for the year ended June 30, 2002, the contribution rates for law enforcement employees and the County were 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$173,403, \$161,649 and \$152,874, respectively, equal to the required contributions for each year.

(9) Revolving Loan Fund

The Revolving Economic Development Fund was established to promote economic development in Dickinson County through grants and loans. Upon receipt of the loan payments from the businesses, the funds remain in the Revolving Economic Development Fund for subsequent loans to other businesses.

Details of the outstanding loan at June 30, 2004 are as follows:

Loaned to	Date of Loan	Loan Amount	Interest Rate	Term of Loan	Loan Balance June 30, 2004
Farmers Coop Elevator	July 24, 2001	\$ 15,000	3.0%	5 Years	<u>\$ 9,265</u>

(10) Risk Management

Dickinson County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2004 were \$168,634.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the County's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. The County assumes responsibility for workers compensation claims in excess of \$1,000,000 and employee blanket bond claims in excess of \$50,000 (\$100,000 for the County Treasurer), respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Public Health

On July 1, 1996, an agreement was entered into between Dickinson County Memorial Hospital, Dickinson County and the Dickinson County Board of Health for the purpose of consolidating services offered by Dickinson County Memorial Hospital and the Dickinson County Board of Health. In the agreement, Dickinson County Memorial Hospital agrees to provide all public health nursing services and home care services for and on behalf of the Dickinson County Board of Health to the residents of Dickinson County. Under the agreement, the Board of Health shall continue as an organizational entity and shall continue to act in compliance with Chapter 137 of the Code of Iowa and Chapter 79 of the Iowa Administrative Code, where applicable. The agreement was effective and commenced July 1, 1996, and continues year to year unless terminated.

The services provided by home health, public health and homemakers service will be under the administrative control of the Hospital. All services rendered under the terms of the agreement are to be funded by the Hospital, except where residents of Dickinson County may be unable to pay for said services, in which case the Hospital may submit monthly claims for reimbursements for services and fees to the County for payment. In addition, the County and the Board of Health agree to reimburse the Hospital up to \$70,000 per year for public health services, including reimbursement for indigent fees.

(12) Employee Group Health Fund

The Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by County contributions and was administered through a service agreement with Wellmark, Inc. for the period July 1, 2003 to December 31, 2003 and with TPA, Ltd. from January 1, 2004 to December 31, 2004. The agreement with TPA, Ltd. was renewed January 1, 2005 for a period of one year through December 31, 2005. After an eligible employee with single coverage has paid \$100 of the applicable deductible amount under the contract during a calendar year or an eligible employee with a family coverage has paid \$200 of the applicable deductible amount under the contract during a calendar year, the employer will pay directly or reimburse any eligible employee for 70% (90% if seen by a participating physician) of any additional expenses for services covered by the contract, but subject to the deductible or co-insurance provisions of the contract. An employee's maximum payment during any one calendar year for deductibles and co-insurance shall be \$750 with respect to single coverage and \$1,500 with respect to family coverage. After an employee has made the maximum prescribed payments, the employer will pay directly or reimburse the employee for 100% of any additional expenses for services covered by the contract, but subject to deductible or co-insurance provisions of the contract.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund were recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed were paid to Wellmark, Inc. from the Employee Group Health Fund and are now paid to TPA, Ltd. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2004 was \$84,696.

The amounts payable from the Employee Health Fund at June 30, 2004 for incurred but not reported (IBNR) and reported but not paid claims has not been determined since the County has not obtained an actuarial opinion as required by Chapter 509A.15 of the Code of Iowa. These amounts are not expected to be material to the financial statements.

(13) Subsequent Event

On August 4, 2004, the County entered into a contract for construction a new Courthouse and Jail Facility on the present Courthouse site for \$11,546,000. Payments will be made from the Capital Projects Fund established from the sale of \$14,900,000 in general obligation bonds.

(14) Jointly Governed Organization

Dickinson County participates in the Dickinson County Water Quality Commission, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2004:

Additions:

Contributions from governmental units:

Dickinson County	\$ 84,600	
City of Spirit Lake	28,000	
City of Okoboji	23,000	
City of Wahpeton	16,000	
City of Arnolds Park	14,800	
City of Milford	13,000	
City of West Okoboji	7,600	
City of Orleans	6,600	
City of Lake Park	4,200	
City of Superior	1,400	
City of Terril	1,000	\$ 200,200
Interest on investments		491
Total additions		200,691

Deductions:

Dickinson County Soil & Water Conservation District	28,000	
Friends of Lakeside Lab	32,775	
Iowa Municipalities Workers' Compensation Association	253	
Jackson Soil & Water Conservation District	2,500	
Iowa Department of Natural Resources	33,000	
Iowa Natural Heritage Foundation	39,370	
Spirit Lake Community School	524	
Boddy Media	2,600	139,022
Net		61,669
Balance beginning of year		52,031
Balance end of year		\$ 113,700

(15) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented for the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary

Comparison Schedule – Perspective Differences were implemented for the year ended June 30, 2004. The Statements create new basic financial statements for reporting the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements report the County's governmental activities. Beginning net assets for governmental activities has been restated to include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2003 resulting from the conversion to the accrual basis of accounting.

The effects of the accounting change and other restatements in the Governmental activities are summarized as follows:

	<u>Amount</u>
Net assets June 30, 2003, as previously reported	\$ 6,830,339
GASB Interpretation 6 adjustments	<u>37,913</u>
Net assets July 1, 2003, as restated for governmental funds	6,868,252
GASB 34 adjustments:	
Prior period adjustment for bridge replacement grant earned in FY03 but received in FY04	502,886
Capital assets, net of accumulated depreciation of \$3,612,309	3,550,174
Internal Service Fund	245,883
Long-term liabilities	(501,095)
Deferral of long-term assets	<u>230,093</u>
Net assets July 1, 2003, as restated	<u><u>\$ 10,896,193</u></u>

Dickinson County

Required Supplementary Information

Dickinson County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2004

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 5,652,542	-	5,652,542
Interest and penalty on property tax	59,117	-	59,117
Intergovernmental	3,256,333	-	3,256,333
Licenses and permits	37,747	-	37,747
Charges for service	650,800	-	650,800
Use of money and property	235,163	-	235,163
Miscellaneous	221,706	96,426	125,280
Total receipts	10,113,408	96,426	10,016,982
Disbursements:			
Public safety and legal services	1,622,316	-	1,622,316
Physical health and social services	444,019	-	444,019
Mental health	1,258,720	-	1,258,720
County environment and education	885,606	17,410	868,196
Roads and transportation	2,030,288	-	2,030,288
Governmental services to residents	415,845	-	415,845
Administration	1,125,228	-	1,125,228
Non-program	147,932	14,249	133,683
Debt service	162,423	44,618	117,805
Capital projects	1,613,141	-	1,613,141
Total disbursements	9,705,518	76,277	9,629,241
Excess (deficiency) of receipts over (under) disbursements	407,890	20,149	387,741
Other financing sources, net	14,821,766	2,668	14,819,098
Excess of receipts and other financing sources over (under) disbursements and other financing uses	15,229,656	22,817	15,206,839
Balance beginning of year	7,048,542	52,649	6,995,893
Balance end of year	\$ 22,278,198	75,466	22,202,732

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
5,590,452	5,533,452	119,090
43,000	43,000	16,117
3,203,532	3,203,532	52,801
57,450	57,450	(19,703)
396,498	396,498	254,302
145,340	145,340	89,823
124,170	124,170	1,110
9,560,442	9,503,442	513,540
1,674,564	1,682,657	60,341
440,725	521,804	77,785
1,499,941	1,499,941	241,221
822,256	969,805	101,609
2,460,500	2,460,500	430,212
397,014	419,491	3,646
1,866,014	1,866,014	740,786
180,700	180,700	47,017
70,000	118,545	740
1,427,500	1,664,394	51,253
10,839,214	11,383,851	1,754,610
(1,278,772)	(1,880,409)	2,268,150
-	14,812,848	6,250
(1,278,772)	12,932,439	2,274,400
5,809,466	12,723,468	(5,727,575)
4,530,694	25,655,907	(3,453,175)

Dickinson County
Budgetary Comparison Schedule - Budget to GAAP Reconciliation
Required Supplementary Information
Year ended June 30, 2004

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjust- ments	Accrual Basis
Revenues	\$ 10,113,408	(17,513)	10,095,895
Expenditures	9,705,518	(619,041)	9,086,477
Net	407,890	601,528	1,009,418
Other financing sources, net	14,821,766	87,152	14,908,918
Beginning fund balances	7,048,542	(180,290)	6,868,252
Ending fund balances	\$ 22,278,198	508,390	22,786,588

See accompanying independent auditor's report.

Dickinson County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2004

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$544,637. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2004, disbursements did not exceed the amounts budgeted. However, disbursements in certain departments exceeded the amounts appropriated.

Dickinson County

Other Supplementary Information

Dickinson County
Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2004

	County Recorder's Records Management	Resource Enhancement and Protection	Revolving Economic Development	Confiscated Property Fees	Waste Management Reduction	Watershed Study
Assets						
Cash and pooled investments						
County Treasurer	\$ 59,779	51,292	92,325	3	24,509	5,000
Conservation Foundation	-	-	-	-	-	-
Bequest held by bank	-	-	-	-	-	-
Receivables:						
Succeeding year property tax	-	-	-	-	-	-
Accounts	-	-	-	-	2,475	-
Accrued interest	9	49	-	-	-	-
Drainage assessments	-	-	-	-	-	-
Economic development loans	-	-	9,265	-	-	-
Due from other governments	-	152	-	-	1,098	-
Total assets	\$ 59,788	51,493	101,590	3	28,082	5,000
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ -	12,216	-	-	5,112	-
Due to other funds	-	-	-	-	-	-
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Other	-	-	9,265	-	-	-
Total liabilities	-	12,216	9,265	-	5,112	-
Fund equity:						
Fund balances:						
Reserved for:						
Drainage warrants	-	-	-	-	-	-
County care facility	-	-	-	-	-	-
Conservation Foundation	-	-	-	-	-	-
Unreserved	59,788	39,277	92,325	3	22,970	5,000
Total fund equity	59,788	39,277	92,325	3	22,970	5,000
Total liabilities and fund equity	\$ 59,788	51,493	101,590	3	28,082	5,000

See accompanying independent auditor's report.

Moore Lake Fire Low & Moderate Income	East Okoboji Beach Sewer TIF	Conservation Foundation	Conservation Land Acquisition	Recorder's Electronic Transfer Fees	Ray D. Smith Trust	Courthouse Memorial	Drainage Districts	KUOO Telethon Trust	Dickinson County Trails	Total
37,998	4,113	-	84,422	22,708	-	550	40,077	7,375	402,006	832,157
-	-	35,389	-	-	-	-	-	-	-	35,389
-	-	-	-	-	73,366	-	-	-	-	73,366
-	116,000	-	-	-	-	-	-	-	-	116,000
-	-	-	-	-	-	-	-	-	5,303	7,778
-	-	-	29	6	-	-	-	2	25,756	25,851
-	-	-	-	-	-	-	145,642	-	-	145,642
-	-	-	-	-	-	-	-	-	-	9,265
-	134	-	147	14,196	-	-	-	-	-	15,727
37,998	120,247	35,389	84,598	36,910	73,366	550	185,719	7,377	433,065	1,261,175
-	-	-	-	-	-	-	586	-	4,878	22,792
-	4,247	-	-	-	-	-	-	-	-	4,247
-	116,000	-	-	-	-	-	-	-	-	116,000
-	-	-	-	14,196	-	-	145,642	-	-	169,103
-	120,247	-	-	14,196	-	-	146,228	-	4,878	312,142
-	-	-	-	-	-	-	17,444	-	-	17,444
-	-	-	-	-	73,366	-	-	-	-	73,366
-	-	35,389	-	-	-	-	-	-	-	35,389
37,998	-	-	84,598	22,714	-	550	22,047	7,377	428,187	822,834
37,998	-	35,389	84,598	22,714	73,366	550	39,491	7,377	428,187	949,033
37,998	120,247	35,389	84,598	36,910	73,366	550	185,719	7,377	433,065	1,261,175

Dickinson County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds

Year ended June 30, 2004

	County Recorder's Records Management	Resource Enhancement and Protection	Revolving Economic Development	Confiscated Property Fees	Waste Management Reduction	Watershed Study
Revenues:						
Property and other county tax	\$ -	-	-	-	-	-
Intergovernmental	-	10,868	-	-	-	-
Charges for service	9,893	-	-	-	32,528	-
Use of money and property	702	563	6,366	-	-	-
Miscellaneous	-	-	-	-	5,957	-
Total revenues	10,595	11,431	6,366	-	38,485	-
Expenditures:						
Operating:						
County environment and education	-	12,296	20,500	-	30,512	-
Non-program	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	-	12,296	20,500	-	30,512	-
Excess (deficiency) of revenues over (under) expenditures	10,595	(865)	(14,134)	-	7,973	-
Other financing sources (uses):						
Operating transfers in	-	-	25,000	-	-	-
Operating transfers out	-	-	-	-	-	-
Proceeds from drainage warrants	-	-	-	-	-	-
Total other financing sources (uses)	-	-	25,000	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	10,595	(865)	10,866	-	7,973	-
Fund balances beginning of year	49,193	40,142	81,459	3	14,997	5,000
Fund balances end of year	\$ 59,788	39,277	92,325	3	22,970	5,000

See accompanying independent auditor's report.

Schedule 2

Moore Lake Fire Low & Moderate Income	East Okoboji Beach Sewer TIF	Conservation Foundation	Highway 71 Beautification	Conservation Land Acquisition	Recorder's Electronic Transfer Fees	Ray D. Smith Trust	Courthouse Memorial	Drainage Districts	KUOO Telethon Trust	Dickinson County Trails	Total
-	114,195	-	-	-	-	-	-	-	-	-	114,195
-	4,544	-	-	26,647	22,688	-	-	-	-	-	64,747
-	-	-	-	-	-	-	-	-	-	-	42,421
-	-	-	-	1,114	26	519	1	-	19	30,921	40,231
-	-	27,435	-	-	-	-	-	68,993	-	20,010	122,395
-	118,739	27,435	-	27,761	22,714	519	1	68,993	19	50,931	383,989
-	-	-	-	-	-	-	-	-	-	44,219	107,527
1,408	-	17,410	-	-	-	-	-	14,702	-	-	33,520
-	-	-	-	-	-	-	-	44,619	-	-	44,619
-	-	-	1,330	21,459	-	-	-	-	-	-	22,789
1,408	-	17,410	1,330	21,459	-	-	-	59,321	-	44,219	208,455
(1,408)	118,739	10,025	(1,330)	6,302	22,714	519	1	9,672	19	6,712	175,534
-	-	-	-	-	-	-	-	-	-	-	25,000
-	(118,739)	-	-	-	-	-	-	-	-	-	(118,739)
-	-	-	-	-	-	-	-	2,668	-	-	2,668
-	(118,739)	-	-	-	-	-	-	2,668	-	-	(91,071)
(1,408)	-	10,025	(1,330)	6,302	22,714	519	1	12,340	19	6,712	84,463
39,406	-	25,364	1,330	78,296	-	72,847	549	27,151	7,358	421,475	864,570
37,998	-	35,389	-	84,598	22,714	73,366	550	39,491	7,377	428,187	949,033

Dickinson County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,471	71,974	120,126	8,167
Other County officials	43,475	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	35	86	2,670	182
Succeeding year	-	155,000	377,000	12,002,000	802,000
Accounts	8,776	-	-	-	-
Accrued interest	-	-	-	-	-
Special assessments	-	-	-	-	-
Drainage assessments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	44	106	3,493	226
Total assets	\$ 52,251	156,550	449,166	12,128,289	810,575
Liabilities					
Accounts payable	\$ -	-	968	-	-
Salaries and benefits payable	-	-	2,179	-	-
Due to other funds	4,105	-	-	-	-
Due to other governments	34,738	156,550	433,407	12,128,289	810,575
Trusts payable	13,408	-	-	-	-
Compensated absences	-	-	12,612	-	-
Drainage warrants payable	-	-	-	-	-
Total liabilities	\$ 52,251	156,550	449,166	12,128,289	810,575

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License Use Tax and Drivers License	Other	Total
55,273	3,123	6,298	410,153	552,662	1,229,247
-	-	-	-	-	43,475
3,068	50	-	-	614	6,705
7,057,000	297,000	-	-	2,577,000	23,267,000
-	-	-	-	21,508	30,284
-	-	-	-	672	672
-	-	426,997	-	-	426,997
-	-	-	-	3,369,416	3,369,416
-	-	-	-	4,105	4,105
2,507	64	-	-	8,969	15,409
7,117,848	300,237	433,295	410,153	6,534,946	28,393,310
-	-	-	-	133,246	134,214
-	-	-	-	553	2,732
-	-	-	-	-	4,105
7,117,848	300,237	433,295	410,153	3,116,785	24,941,877
-	-	-	-	-	13,408
-	-	-	-	-	12,612
-	-	-	-	3,284,362	3,284,362
7,117,848	300,237	433,295	410,153	6,534,946	28,393,310

Dickinson County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2004

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 97,772	150,261	453,140	11,882,236	832,949
Additions:					
Property and other county tax	-	153,946	374,712	11,937,104	797,485
E911 surcharges	-	-	-	-	-
State tax credits	-	4,101	10,903	335,310	22,753
Office fees and collections	750,268	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, drivers licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	7,889	-	-	-	-
Miscellaneous	-	158	1,773	12,917	878
Total additions	758,157	158,205	387,388	12,285,331	821,116
Deductions:					
Agency remittances:					
To other funds	518,234	-	-	-	-
To other governments	278,278	151,916	391,362	12,039,278	843,490
Trusts paid out	7,166	-	-	-	-
Total deductions	803,678	151,916	391,362	12,039,278	843,490
Balances end of year	\$ 52,251	156,550	449,166	12,128,289	810,575

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License Use Tax and Drivers License	Other	Total
6,734,013	287,154	517,376	395,880	2,945,617	24,296,398
7,065,251	291,050	-	-	2,552,929	23,172,477
-	-	-	-	92,927	92,927
146,062	8,778	-	-	43,257	571,164
-	-	-	-	-	750,268
-	-	-	-	49,316	49,316
-	-	-	4,428,237	-	4,428,237
-	-	56,199	-	273,473	329,672
-	-	-	-	-	7,889
-	493	-	-	644,450	660,669
7,211,313	300,321	56,199	4,428,237	3,656,352	30,062,619
-	-	-	143,020	-	661,254
6,827,478	287,238	140,280	4,270,944	3,102,645	28,332,909
-	-	-	-	248,740	255,906
6,827,478	287,238	140,280	4,413,964	3,351,385	29,250,069
7,117,848	300,237	433,295	410,153	3,250,584	25,108,948

Schedule 5

Dickinson County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2004	2003	2002	2001
Revenues:				
Property and other county tax	\$ 5,640,947	5,537,699	5,057,296	4,363,495
Interest and penalty on property tax	58,733	60,667	63,304	63,467
Intergovernmental	3,259,793	2,744,395	2,778,515	3,079,100
Licenses and permits	38,780	78,449	38,799	34,767
Charges for service	593,054	518,611	489,628	431,068
Use of money and property	284,191	202,093	311,180	568,812
Miscellaneous	220,397	403,562	192,683	104,339
Total	<u>\$ 10,095,895</u>	<u>9,545,476</u>	<u>8,931,405</u>	<u>8,645,048</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,587,426	1,604,315	1,473,792	1,364,445
Physical health and social services	449,745	357,515	335,984	342,783
Mental health	1,278,802	1,308,190	1,223,252	1,304,546
County environment and education	846,446	726,174	671,285	1,010,073
Roads and transportation	1,489,590	2,116,774	2,064,231	2,117,979
Governmental services to residents	402,091	404,188	353,681	319,087
Administration	1,104,097	1,030,319	1,098,307	1,266,968
Non-program	158,392	210,738	145,815	210,555
Debt service	163,663	216,824	205,390	48,491
Capital projects	1,606,225	1,213,017	1,600,705	515,064
Total	<u>\$ 9,086,477</u>	<u>9,188,054</u>	<u>9,172,442</u>	<u>8,499,991</u>

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE STATE OF IOWA

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Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting

To the Officials of Dickinson County:

We have audited the financial statements of Dickinson County, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated April 5, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Dickinson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items (2), (7), (10) and (11).

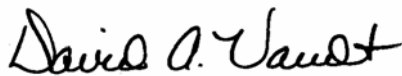
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dickinson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dickinson County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

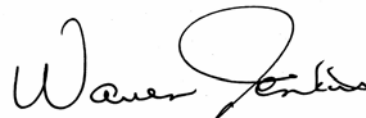
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item (A) is a material weakness. Prior year reportable conditions have been resolved except for items (B), (C), (D), (E), (F) and (J).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dickinson County and other parties to whom Dickinson County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Dickinson County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

April 5, 2005

Dickinson County
Schedule of Findings
Year ended June 30, 2004

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties - During our review of the internal control structure, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. One or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	<u>Applicable Offices</u>
(1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. A listing of cash and checks received is not prepared.	Treasurer and Sheriff
(2) Bank accounts are not reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.	Treasurer and Recorder
(3) Investments are not periodically inspected and reconciled to investment records and the earnings are not verified by an independent employee.	Treasurer

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The officials should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by the reviewer's initials or signature and date of review.

Responses -

Treasurer – I plan to continue with spot audits to check for processing taxes and motor vehicle receipts. My Clerk reconciles the bank statements when we have received all of them. I will have her verify the accounting of CD's.

Sheriff – We will do this on a test basis.

Dickinson County
Schedule of Findings
Year ended June 30, 2004

Recorder – I will have my Deputy review the bank reconciliation after I have prepared it.

Conclusion – Responses accepted.

- (B) Information Systems – During our review of internal control, the existing control activities in the County's computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the County's computer based systems were noted:

The County does not have written policies for:

- Password privacy and confidentiality.
- Usage of the internet.
- Personal use of computer equipment and software.
- Requiring computer terminals to be logged off before being left unattended for an extended period of time.

Also, the County does not have a written disaster recovery plan.

Recommendation – The County should develop written policies addressing the above items in order to improve the County's control over computer based systems. A written disaster recovery plan should be developed.

Response – The County Personnel Policy and Tech Committees have been meeting over the past year to develop the above policies with the input from all County departments.

Conclusion – Response accepted.

- (C) County Sheriff – The County Sheriff received proceeds from forfeited and confiscated property. These collections were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports.

The County Sheriff does not obtain receipts when depositing bonds with the County Clerk of District Court.

Recommendation – The activity for the forfeited and confiscated property collections should be included in the County's annual budget and financial statements. Proceeds are accepted by the County with the understanding they are for additional law enforcement efforts. This means monies so designated are not to replace those already budgeted. The revenues and expenditures of proceeds of this type may require a budget amendment at some time before the end of the fiscal year. All proceeds disbursed should be charged to the appropriate expenditure account in accordance with the Uniform Chart of Accounts for County governments in Iowa.

Dickinson County

Schedule of Findings

Year ended June 30, 2004

The County Sheriff should obtain copies of receipts from the Clerk of District Court when depositing cash bonds with the Clerk of Court to ensure there is an audit trail from the person posting the bond to the Sheriff and then to the Clerk of Court. If this is not possible, the Sheriff should deposit the cash bonds in the Sheriff's checking account and write a check to the Clerk of Court for the amount of the bond. This would provide a better audit trail of the funds received by the Sheriff.

Response –

- (1) We will try to figure out how to get funds on a short notice. We have no other way to get money on a short notice.
- (2) The receipt situation has been rectified with the Clerk of District Court.

Conclusion – Response acknowledged. However, other than an imprest special investigations fund, the funds must be deposited with the County Treasurer. If funds are needed for drug purchases or crime related purchases they should be requested from the County Board of Supervisors and kept in the special investigations fund. The response regarding obtaining receipts from the Clerk of District Court is accepted.

- (D) County Treasurer – The County utilizes computer software to print prenumbered miscellaneous receipts. The computer software does not require an explanation for why a receipt was voided and does not prohibit receipts that have been issued from being changed prior to the daily update. In addition, voided receipts are not reviewed by an independent person. Certain Treasurer's checks over one year old have not been remitted to the General Fund as unclaimed fees.

Recommendation – The Treasurer should consult with the computer software vendor to add controls to require written explanations for why a receipt is voided and to prohibit receipts that have been issued from being changed prior to the daily update without a written explanation. In addition, voided receipts should be reviewed by an independent person for propriety and the review should be evidenced by the initials of the independent person and the date reviewed. The Treasurer should remit the outstanding checks over one year old to the General Fund.

Response – I have contacted Incode-CMS and they are aware of the problem with miscellaneous receipts. I will cancel the outstanding checks.

Conclusion – Response accepted.

- (E) County Board of Supervisors – The County owns vehicles for use by various employees while on County business. The County has not established a formal policy to regulate the use of these vehicles. In addition, the County has not adopted written policies concerning acceptable business practices, conflicts of interest and codes of conduct.

Recommendation – The County should adopt a formal written policy regulating the use of County vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required,

Dickinson County
Schedule of Findings
Year ended June 30, 2004

restricted vehicle users, reimbursement by employees for personal use and reporting additional compensation for employees. The County should adopt written policies concerning acceptable business practices, conflicts of interest and codes of conduct.

Response – The County has taken this recommendation under advisement.

Conclusion – Response accepted.

- (F) Accounting Procedures Manuals – We encourage the development of office procedures and standardized accounting manuals for all County offices. These manuals should provide the following benefits:

1. Aid in training additional or replacement personnel.
2. Help achieve uniformity in accounting and in the application of policies and procedures.
3. Save supervisory time by recording decisions so that they will not have to be made each time the same, or a similar, situation arises.

Recommendation – Office procedures and accounting manuals should be prepared for all County offices.

Response –

County Auditor – We will work on this.

County Treasurer – I will update my current manual since we have changed financial software.

County Recorder – We will work on this.

County Sheriff – I will attempt to comply.

Conclusion – Responses accepted.

- (G) Board of Supervisors – Identifying tags are not placed on all capital assets.

Recommendation – Identification tags should be placed on all capital assets.

Response – This recommendation is taken under advisement.

Conclusion – Response accepted.

- (H) County Recorder – Some overpayments were returned by cash.

Recommendation – Overpayments should be deposited in the County Recorder's checking account and refunds should be made by check.

Response – We will take this into consideration.

Dickinson County

Schedule of Findings

Year ended June 30, 2004

Conclusion – Response acknowledged. The recommendation should be followed to ensure proper internal control.

- (I) County Engineer – The Secondary Roads Department uses pre-numbered requisitions as a source for generating invoices on accounts payable. Requisitions are not accounted for and reconciled to the invoices. Accounting for requisitions and a reconciliation of requisitions to the invoices would help ensure the County is billing for all jobs performed.

The Secondary Roads Department reconciles receipt records with the County Treasurer's reports on an annual basis. This is performed to determine whether deposits are recorded intact by the Treasurer's Office.

Recommendation – Pre-numbered requisitions should be accounted for and remitted monthly.

The Secondary Roads Department receipt records should be reconciled to the County Treasurer's reports monthly.

Response – The Secondary Roads Department will begin to account for and reconcile pre-numbered requisitions monthly. We are now reconciling receipts monthly also.

Conclusion – Response accepted.

- (J) County Zoning – The Zoning Department does not reconcile receipts to the County Treasurer's reports to ensure receipts are recorded intact by the Treasurer's office. Building and septic tank permits are not pre-numbered. The Zoning Department assigns the numbers to permits upon issuance. The Zoning Department does not restrictively endorse checks upon receipt.

Zoning Department building permit fees are based on ranges of value of the structures. If a range of value is placed on the application (as in, \$2,000 - \$3,000) and that range is within more than one fee range, no policy exists to determine the proper fee to be charged.

Recommendation – The Zoning Department should reconcile receipts to the County Treasurer's Reports to ensure receipts are recorded intact by the Treasurer's office monthly.

The Zoning Department should issue pre-numbered building and septic tank permits, as well as any other permits currently issued. The pre-numbered building and septic tanks should be accounted for monthly.

The Zoning Department should restrictively endorse checks upon receipt.

The Zoning Department should establish a policy for determining fees when a range is placed on the application using Supportive Jurisdiction (i.e. the "high-end" of the value will be applied because construction estimates are typically lower than the actual cost; or an alternate justifiable means).

Dickinson County

Schedule of Findings

Year ended June 30, 2004

Response – Receipt reconciliation – The miscellaneous receipts from the Treasurer are reconciled to the database of received checks on the Zoning Department office computer to make sure all are accounted for. We will obtain the County Treasurer's report and an independent person will reconcile the miscellaneous receipts.

Building and septic tank permits – Barb Woodley has the original copy of permit for which she copies and pre-numbers sequentially (approximately 20-30 at a time). Dave Kohlhaase keeps these in a drawer and use the pre-numbered permits when issuing building and septic permits.

Restrictive endorsements on checks – We will talk to the Treasurer about what an endorsement should say and get one ordered.

Fees in a range – We require the applicant to give an estimate of the approximate cost of the building project. It is rare that they put down a range. In the future, if they do, we will require them to put down just one amount at the closest estimate they have.

Conclusion – Response accepted.

- (K) Conservation Department – Prenumbered receipts are not issued and accounted for by the Conservation Department.

Recommendation – Prenumbered receipts should be issued and accounted for by the Conservation Department.

Response – Use of prenumbered receipts will be initiated into accounting practices used as part of operations for fees charged at the recycling facility to all the general public use of the facility. Use of non-numbered receipts will continue to be used for governmental use of the facility, as all cities and county are responsible for “self bill” themselves for disposal fees.

User fees for the winter sports facilities at Horseshoe Bend Park will be documented by way of a cash register tape. User fees for camping and shelter house usage will be documented by the way of self-registering envelope for camping and reservation for shelter houses (both non-numbered forms). Practice of purchasing supplies from receipts will cease.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2004

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- (2) Certified Budget – Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted. However, disbursements in three departments exceeded the amounts appropriated.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriations.

Response – The County has taken this recommendation under advisement and will make every effort in the future to comply with the cited code section.

Conclusion – Response accepted.

- (3) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Pam Jordon, Member of Board of Supervisors	Grant writing services	\$ 2,100

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Ms. Jordon may represent a conflict of interest as defined by Chapter 331.342 of the Code of Iowa since the total transaction exceeded \$1,500 during the year.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – This recommendation has been taken under advisement and the County Attorney will be consulted to determine the disposition of this matter.

Conclusion – Response accepted.

Dickinson County

Schedule of Findings

Year ended June 30, 2004

- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. However, the amount of all bonds should be periodically reviewed to insure the coverage is adequate for current operations.
- (7) Board Minutes – Except for the following, no transactions were found that we believe should have been approved in the Board minutes, but were not.

The Board minutes for the meetings from July 1, 2003 through June 30, 2004 were not published.

The County Board of Supervisors went into closed session on August 5, 2003 and August 12, 2003 to discuss personnel matters. These meetings were not closed in accordance with Chapter 21.5 of the Code of Iowa since the Board did not document the employee requested the closed session.

In addition, the Board minutes did not reference a specific code exemption as required by Chapter 21.5 of the Code of Iowa when the board went into closed session on August 5, 2003, August 12, 2003, January 13, 2004, June 8, 2004, June 15, 2004, August 3, 2004 and August 24, 2004.

Recommendation – The Board should ensure all minutes are published timely as required by Chapter 349.18 of the Code of Iowa. The Board minutes should document the person whose personnel issues were to be discussed requested a closed session and that person was present during the closed session. In addition, the Board minutes should reference a specific code exemption as required when going into closed session.

Response – This recommendation has been taken under advisement and efforts will be made to comply with the cited code sections.

Conclusion – Response accepted.

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (9) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Sheriff's Quarterly Report – During the year ended June 30, 2004, quarterly reports were not filed by the County Sheriff with the Board of Supervisors as required by Chapter 331.655(3) of the Code of Iowa.

Recommendation – The County Sheriff should file quarterly reports with the Board of Supervisors for approval as required by Chapter 331.655(3) of the Code of Iowa.

Response – The County Sheriff is now filing quarterly reports.

Dickinson County

Schedule of Findings

Year ended June 30, 2004

Conclusion – Response accepted.

- (11) Employee Group Health Fund – The County provides employees health insurance and other benefits through a partially funded self-insured benefit plan. Chapter 509A.15 of the Code of Iowa requires the County to obtain an actuarial opinion issued by a fellow of the Society of Actuaries which attests to the adequacy of reserves, rates and the financial condition of the plan.

Recommendation – The County should obtain an actuarial opinion, issued by a fellow of the Society of Actuaries, as required.

Response – This recommendation will be taken under advisement by the Board of Supervisors.

Conclusion – Response accepted.

- (12) Proper Documentation and Payment of Claims - Certain travel and other claims were not accompanied by proper itemization and support of the expenditures. Chapter 331.504(8) of the Code of Iowa states, in part: "claims, before being audited or paid, shall be itemized to clearly show the basis of the claim."

Recommendation - The Board should ensure claims are sufficiently itemized and proper documentation accompanies all claims before they are paid. In addition, the Board should establish a written policy concerning the documentation required for travel and other claims, including Mastercard and Card Services claims, to insure the claims are sufficiently itemized. The required documentation should include purpose of the claim, who the claim was for, dates claim was incurred, location of activity, starting point and destination of travel and itemization of groceries purchased. The policy should also include the requirement all claims be supported by original invoices, lodging receipts or other supporting documentation. In addition to providing a credit card statement, the claim should include an itemized receipt for each entry on the credit card statement.

Response – This recommendation will be taken under advisement by the Board of Supervisors.

Conclusion – Response accepted.

- (13) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

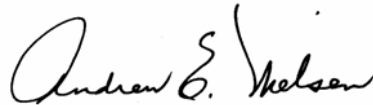
Disbursements during the year ended June 30, 2004 for the County Extension Office did not exceed the amount budgeted.

Dickinson County

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager
James L. Blekfeld, CPA, Senior Auditor
Julie J. Lyon, CPA, Staff Auditor
Brad T. Holtan, Staff Auditor
Jeffrey L. Lenhart, Assistant Auditor
Andrea M. Pothast, Assistant Auditor
Jake P. Keegan, Staff Auditor
Lisa M. Johnson, Auditor Intern

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State